

LOSSES ARE NOT EXEMPT CABLE PROMOTER MACKAY DEAD BUT CABLE SAFE

No Deduction for Decrease in Value.

Persons who suffered losses by reason of the depreciation in the value of sugar stocks, and sold their stock below par will not be allowed to deduct the loss from their total incomes. This is the opinion of Attorney General Dole upon a hypothetical case, which Assessor Pratt submitted and which it is said governs a large number of returns made by Honolulu people.

Beginning with a statement of the case the Attorney General says in a letter to the assessor:

"I am in receipt of your communication in which you say: 'An individual acquires prior to July 1, 1901, a block of stock for ten thousand dollars. During the year ending June 30, 1902, he sells this same stock for \$5,000; loss, \$5,000. Is he allowed this loss in assessing his net income for the year to June 30, 1902?'"

"The authority which I have been able to find most closely bearing upon the question which you ask is Gray v. Darlington, 15 Wall., U. S., 63, in which the Supreme Court of the United States was divided, Chief Justice Chase and Associate Justices Clifford and Bradley dissenting from the opinion of the majority of the court delivered by Mr. Justice Field.

"Our income tax law, Act XX of the Session Laws of 1901, closely follows the Act of Congress of March 2, 1867, 14 Stat. at Large."

He then quotes the vital sections of the Hawaiian income tax law, and also of the act of Congress of March 2, 1867.

The majority opinion of that court written by Justice Field is quoted in full, relating as it does, not to loss, but gains in the value of treasury bonds.

The material part of the decision is here given, following which is the comment of Mr. Dole:

"The mere fact that property has advanced in value between the date of its acquisition and sale does not authorize the imposition of the tax on the amount of the advance. More advance in value in no sense constitutes the gain, profit, or income specified by the statute. It constitutes and can be treated merely as increase of capital.

"The rule adopted by the officers of the revenue in the present case would justify them in treating as gains of one year the increase in the value of property extending through any number of years, through even the entire century. The actual advance in value of property over its cost may, in fact, reach its height years before its sale; the value of the property may, in truth, be less at the time of the sale than at any previous period in ten years, yet, if the amount received exceed the actual cost of the property, the excess is to be treated, according to their views, as gains of the owner for the year in which the sale takes place. We are satisfied that no such result was intended by the statute."

Until the Supreme Court of the United States reverses itself, it must be assumed that the six justices who held the foregoing opinion were right, and that the three who dissented were in error.

If a gradual increase in the value of securities extending over a series of years and culminating in a sale at an advanced price is not taxable as gain, profit, or income of the year in which the sale takes place, it would seem to follow that a gradual depreciation extending over a series of years and culminating in a sale at a reduced price is not, within the meaning of the act, a loss actually sustained during the year in which the sale takes place.

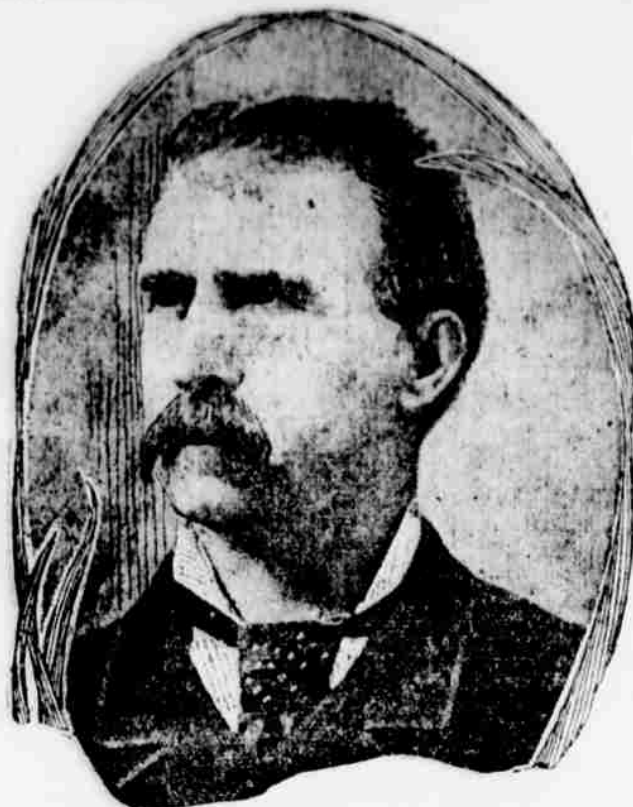
Very respectfully yours,
(Signed) E. P. DOLE,
Attorney General.

TRANSPORTS MAY CALL HERE AGAIN

If coal can be brought to Honolulu from the Sound country so that it can be loaded into United States government vessels at a saving of from \$1 to \$1.50 a ton, army transports may within a few months again make Honolulu a regular port of call. It is believed that the army quartermaster department is studying the entire coal situation with a view to obtaining a large supply to be left at Honolulu, which may be brought here in the new line of steamships operating between Tacoma, Seattle and Honolulu. If a saving of \$1 to \$1.50 per ton can be effected over the old price these steamships may shortly bring full cargoes of black diamonds here and the transports again be familiar objects on the waterfront.

In the reorganization of the army transport system the use of oil for coal may completely upset all present plans for the establishment of huge coal piles at various ports, and now that the Navy Department has taken official cognizance of oil burning on merchant steamships, the army may hold back until some action is taken by the navy toward substituting oil for coal in the warships. This may delay matters somewhat but there seems to be a certainty that transports will again stop at Honolulu en route to the Philippines.

S. S. Dickenson, representative of the Pacific Commercial Cable Co., left for San Francisco yesterday. He will return in the next trip of the same vessel. Mr. Dickenson goes to rush forward the underground cable and the pipe in which it is to be laid. This work will commence about Sept. 1.



THE LATE JOHN W. MACKAY.

Twenty-Four Hundred Miles of Deep Sea Telegraph Line for Honolulu Service Now Being Shipped.

LONDON, July 26.—John W. Mackay died at half past 6 o'clock this evening at his residence. He was in his seventy-second year.

Mackay's death was unexpected, for although he had been ill since Tuesday last, his physicians held out hope until yesterday that he would recover.

NEW YORK, July 22.—Since the death of John W. Mackay, business interests all over the United States have sent inquiries to the Commercial Cable Company about what was going to happen to the Pacific cable now that the projector is dead. All of the inquiries were answered today by an official who has served Mackay in a professional and confidential capacity for years. To a reporter he said:

"The contract for laying the cable to Honolulu has been let and construction work will begin in a short time. If we can get the soundings made by the Government a cable from San Francisco to Honolulu, from there to Midway and Guam and from there to Manila, will be completed and ready for business in July, 1903.

NEW YORK, July 21.—The last cablegram ever sent by John W. Mackay was to one of his business associates in regard to the proposed Pacific cable. This cablegram was transmitted from London to New York only a few minutes before he was stricken down. It read as follows:

"Cook, New York: I have read your cablegram to hand relating to soundings. Facts are these: The big guarantee to manufacture and lay the cable from Honolulu to Manila, touching at Midway and Guam, by June next, provided we can furnish the necessary soundings, expires on the 21st inst., namely, on Monday next. Our desire has been to complete the cable as early as possible. We supposed the work could not be carried out before the end of next year, but as the contractors are able to handle the shipment of cable quicker than we expected, it is possible to complete it by next June.

"It is inexplicable to us why these soundings are withheld when the Government and the whole country are crying out for a cable. The soundings taken by the Albatross in 1891, by act

of Congress, to determine the practicability of laying a cable between California and Honolulu were freely distributed by the Navy Department. They were given out to any one who applied for them, and I certainly expected this slight assistance from the Government after I personally explained our plans to the President last October.

"We shall, of course, go on with the manufacture of the cable, but I can get no guarantee from the contractors as to the time of its completion unless the Nero's soundings are forthcoming, as it will be absolutely necessary to send a ship to ascertain a practicable route for the cable before it can be laid, and it certainly must be of importance to the Government to have communication established as early as possible. It certainly is to the Commercial Cable Company.

"JOHN W. MACKAY." Cook, when asked today as to whether Mackay's death would delay the completion of the Pacific cable, said work would go on without interruption, and the cable would be in operation by July 1, 1903, unless the Government soundings were withheld. Cook said: "Mr. Mackay's cablegram to me last Wednesday stated the situation clearly in regard to these soundings."

LONDON, July 19.—The Commercial Cable Company signed a contract with the Telegraph Construction Company in London this week for the manufacture and laying of its cable from Honolulu to Manila, touching at Guam. The construction company guaranteed to complete the cable by June, 1903, if furnished with the necessary soundings. In the event that these cannot be furnished, the company agrees to finish the cable-laying within such time thereafter as is necessary to take soundings.

Having two steamers, capable of carrying 6,000 miles of cable, the company is able to complete within a year work which would take other contractors two years to do. The steamer Silverton at Woolwich, is now loading the San Francisco-Honolulu cable, 2,400 miles, and is expected to sail for San Francisco in August. Eighteen hundred miles of this section have already been manufactured and are being taken on board the Silverton.

TRACY TERRORIZES OREGON OFFICIALS

SALEM, Or., July 23.—The Oregon penitentiary is surrounded tonight by armed guards watching for the appearance of Desperado Tracy. While it is not believed that the men seen at Woodburn are Tracy and confederates, the prison officials are proceeding upon the theory that the report received may be correct. There is practically a dead line extending around the prison at the distance of a rifle shot and the prison guards tonight telephoned Sheriff Colbath not to approach the penitentiary unless called, or he might be shot by the sentinels. Prison officials do not believe that Tracy has sufficient interest in any of the convicts at the penitentiary to induce him to attempt to liberate them. It is felt, however, that it would be in keeping with his other bold and desperate deeds if he should return for the purpose of shooting some of the prison guards. While the men seen were probably hunters, Sheriff Colbath believes it possible that one of them is Tracy.

Murdered Schoolteachers

MANILA, July 24.—The bodies of four school teachers who had been missing since June 19th, have been found in the mountains near Cebu, Island of Cebu, where their captors had murdered them.

The police killed the leader of the band of murderers and captured eight other alleged participants in the crime. One of them escaped. Neither the circumstances surrounding the death of the teachers nor the date of the murder is known. The bodies were taken into Cebu and buried.

ARREST OF AN ISLAND SULTAN

MANILA, July 24.—Captain J. J. Pershing of the Fifteenth Cavalry, who is in command of the Lanao (Mindanao) expedition, has arrested the Sultan of Binadayan as a hostage for the delivery to him of the Moros who on June 22nd attacked two Americans. The Sultan offered to produce the dead body of one of the Americans, a relative of the leader of the party which attacked them, and surrender ten slaves, but Captain Pershing refused to entertain the suggestion. The Sultan then ordered his followers to produce the guilty Moros. On Tuesday one of the offenders was brought into the camp of the Americans. He was horribly mutilated before dying he confessed having participated in the ambush of the Americans. Longul, the leader of the attack, has fortified his house and defies the Sultan of Binadayan's followers to capture him.

Criminal Negligence.

SPOKANE, Wash., July 24.—The County Attorney has decided that no attempt shall be made to prosecute Mr. and Mrs. E. G. Graham, whom the coroner's jury pronounced guilty of criminal negligence for failing to provide proper medical attendance for their children, three of whom died of diphtheria. Mrs. Graham is a member of a religious denomination called the "Church of God" and does not believe in the use of medicines. After investigation it has been decided that there is no State law covering this case. It is now proposed that the next legislature shall pass a law requiring parents or guardians to provide minors with proper medical care.

ENGLISH IN THE SCHOOLS

Problem of Teaching Children in Hawaii.

"Teaching English to Non-English-Speaking Children" was the subject of a very interesting address at the normal school yesterday afternoon by C. W. Baldwin, inspector for the public schools on the island of Hawaii. The large school room was used for the weekly afternoon exercises, and among those present besides the corps of summer school instructors were Superintendent Alatau Atkinson and Secretary C. T. Rodgers. Mr. Baldwin's address was a far-reaching and thoroughly written statement of the conditions confronting the teachers in Hawaii's public schools, and the difficulties of teaching the great majority of non-English speaking pupils to speak and read in the prescribed language were clearly set forth, and valuable suggestions were made to offset these disadvantages.

Mr. Baldwin said the subject was one which commands the teacher's first consideration. Failing in that they failed in all the rest. In the year 1875 English was first substituted for Hawaiian in some of the schools. In 1885, after a period of nine years less than half of the schools were taught in the English language, and in 1894, nine years later, there were still 18 of the schools which were conducted in Hawaiian. These figures spoke for themselves for a few years only have the schools been "English" schools. Previous to this the struggle was to establish the schools. That was the absorbing thought, and methods were lost sight of—they had to be lost sight of for the task was a great one. Persons were put in as teachers who had no qualification other than that they could speak English. There was absolutely no source to draw from; even the qualified teachers from the mainland were hardly fit to cope with the peculiar difficulties to be found here. The situation was unique, for where had there been one like it before? And where could teachers be got who knew what to do? They could not be found. Prof. Baldwin said that there is no place in the world where teachers can be found better fitted in every way to grapple with difficult language problems than in Hawaii. He said that teachers who had had no special training as such, or being trained teachers yet had had no experience in handling non-English speaking pupils, should fail to realize, or be able to cope with, the difficulties of the situation, is not to be wondered at, when men of talent and education as supervisors in the past have failed to find a solution, though they did not fail to grapple with the problem. The first English course was published in 1881. In the recent course published in 1889 the following under the heading of "Language," for first year is found: "Teach children to express in English what they perceive and what they do in the school room, on the playground, on the way to school, and at home. Train the ear first, and then the vocal organs, etc." Here for the first time a distinct method was laid down, and also for the first time the importance of the "hearing of language" is noted. The other courses did not overlook the importance of spoken language, but lacked some such steady method.

The speaker asked the question, Was there any difference in what was done and what would have been done with children whose mother tongue was the English language? He answered in the affirmative. The burden had fallen upon reading with the result that children who can scarcely speak an intelligent sentence or understand the simplest questions addressed to them by an outsider, are reading in far advanced readers.

"Owing to the peculiar difficulties of the English language for Hawaiians," continued Mr. Baldwin, "the question that we have had to face has been not only a complex one, but a unique one as well. In a few years from now this question of language will not trouble us, for then these Hawaiians will have made English their mother tongue. But before such a time comes we teachers have upon our shoulders the responsibility of giving to our pupils a language, which acquired with means to them a chance in life's battle—the opportunity for an equality of footing with the white man—deprived of which they must remain the servers and we the served. There is, too, in this the opening of the door to a true civilization and the lifting of the people to a higher plane, by giving them access to literature. Were there a way by which we could give to our pupils the English language, and yet you and I, through ignorance or wantonness or what else, did not avail ourselves of that way, we should be depriving these children of things that rightfully belong to them and, yes, of life itself.

"That we have signally failed in this respect in the past needs no argument. Look at the children turned out of the government schools. Unless they have gone to some advanced school or to places where they must of necessity use the English language, they have but the veriest smattering of that language. Such is the truth of the bulk of our schools today—the Portuguese and Japanese leave them with a working vocabulary, but not so the Hawaiians.

"What we should do, or rather the need is that we give to these Hawaiian children—and the rest as well—who are placed in our care, not only a speaking but also a reading knowledge of the language, a taste for good literature, but we cannot do this latter without doing the former. In time, as I have already intimated, this question will solve itself, when these people speak this language in their own homes as their mother tongue. But is it for us to go on contentedly with what we are doing, saying to ourselves, 'It will be all right by and by.' Surely, no; for by not hastening may we not be depriving some soul of an inheritance that is its by right?"

Uncle Sam's Capital.

WASHINGTON, July 24.—Today's statement of the Treasury balances in the general fund exclusive of the \$150,000,000 gold reserve in the division of redemption shows: Available cash balance, \$188,811,257; gold, \$99,725,633.

WOULD STOP HIS FLIGHT

A Suit to Prevent Children in Chinese From Leaving.

(From Wednesday's daily.)

Suit was filed yesterday by T. Ahung against Chang Lee Yun and his fellow partners in the firm of Kwong Hip Chan to prevent the manager, Chang Lee Yun, from leaving Hawaii until he has made an accounting of his trust.

The partnership was formed October 29, 1901, with a capital of \$5,000, and the firm has been conducting a general brokerage and merchandise business in Hilo. It is alleged that the manager has made advances for the firm and in his individual capacity in the amount of \$5,000 to persons raising sugar cane, and has collected \$5,000 from these persons, which he refuses to credit to the partnership, claiming they were due him in his private capacity.

Some of the parties still owing the firm, are now insolvent and unable to pay the partnership; and Chang Lee Yun is now in Honolulu with the purpose of sailing for China, and it is alleged that his action is a fraud upon the partnership, and plaintiff asks that a writ of ne exeat or other writ or order be made to prevent Lee Yun from leaving the Territory for foreign lands, until he has made an accounting to the partnership. Plaintiff also asks that the partnership of which he is a member be dissolved and its assets divided among its members.

Crying for Help

Lots of it in Honolulu But Daily Growing Less.

Backache is one of the first indications of kidney trouble. It is the kidneys' first cry for help. Heed it.

Doan's Backache Kidney Pills are what is wanted. Are just what overworked kidneys need.

They strengthen and invigorate the kidney; help them to do their work; never fail to cure any case of kidney disease.

Read the proof from a Honolulu citizen.

Mr. Charles Comey, of Cyclometer street, this city, one of the many persons who have tried Doan's Backache Kidney Pills with great advantage, relates his experience thus: "I have been a hack driver for a number of years past, and this is an occupation in which, through exposure to weather and much jumping up and down from the vehicle, one is particularly liable to kidney complaint. I suffered myself from a lame back for a long while, and in my anxiety to get rid of it tried several things which did not reach the root of my trouble. An advertisement acquainted me with what grand work Doan's Backache Kidney Pills were doing, and I got some of them at the Hollister Drug Co.'s store. I used them and with very much profit, for they relieved my back wonderfully."

Doan's Backache Kidney Pills are for sale by all dealers or sent by mail on receipt of price, 50 cents per box, by the Hollister Drug Co., Honolulu, wholesale agents for the Hawaiian Islands.

Remember the name Doan's and take no other.

A Monastery Burned.

OKA, Quebec, July 24.—The celebrated monastery of the Trappists here was entirely destroyed by fire last night. Loss, \$200,000; insurance, \$100,000. There were 97 monks in the monastery, all of whom escaped. Ten thousand gallons of cider and 4,000 gallons of wine were destroyed.

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Medical authorities everywhere agree as to the health giving qualities of malt and hops.

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A CURE FOR SUMMER COMPLAINT
Summer complaint is unusually prevalent among children this season. A well developed case in the writer's family was cured last week by the timely use of Chamberlain's Colic, Cholera and Diarrhoea Remedy—one of the best patent medicines manufactured and which is always kept on hand at the home of ye scribe. This is not intended as a free puff for the company, who do not advertise with us, but to benefit little sufferers who may not be within easy access of a physician. No family should be without a bottle of this medicine in the house, especially in summer-time.—Lansing, Iowa, U. S. A., Journal. For sale by all druggists and dealers. Benson, Smith & Co., Ltd., agents for Hawaii.